Attention : ASX Company Announcements Platform

Lodgement of 'Company Interview'

'COMPANY INTERVIEW'-MARKET PROFESSIONALS

Alkane Resources Ltd

Date of lodgement: 10/2/2015

TITLE: "Company Interview. Company Update on Solid Progress"

Highlights:

- **Cash position effectively unchanged from September 2014 quarter to December quarter.**
- **Reconciles those respective cash positions. TGO generating $25-30m p.a.**
- **Explains position on project approval for DZP & the link with securing funding.**
- **Intended funding mix for DZP unchanged; confident of securing funding.**
- **Good progress at DZP & a strategic plan in place for TGO.**
- **No significant changes in product prices at DZP, but hafnium potential to be investigated.**
- **Summary objectives for 2015.**

Introduction

Alkane Resources is an ASX and OTCQX (US) listed multi-commodity mining and exploration company with a focus on gold, zirconium, niobium and rare earths. Its projects are located in the Central West of New South Wales, in eastern Australia.

Record of interview:

Company Interview question:

Alkane Resources Ltd (ASX code: ALK; market cap of ~$115m) is now operating the Tomingley Gold Operations (TGO – Alkane 100%) near Dubbo, New South Wales and is close to receiving final approval to proceed with the much larger Dubbo Zirconia Project (DZP – Alkane 100%). Can you explain and reconcile the cash flow generated at the TGO during the December 2014 quarter versus the September 2014 quarter? What's the end December year 2014 cash balance?

Managing Director, Ian Chalmers
We were happy with the cash position at the end of the December 2014 quarter versus the September 2014 quarter given the scheduled outflows. The actual cash position at end September was $25.3 million and at end December it was $18.9 million. However, we paid a security bond to CBA in the December quarter of $2.5 million, bullion on hand, but not sold, was $4 million higher in the December quarter and our Regis shares were worth an extra $1 million at end December quarter. So the overall impact was that 'cash' was virtually unchanged and that's after paying ongoing costs at the DZP, corporate overheads and some exploration.

Like most mines they go through periods of variable grade and processing rates. December was one of lower processed grades as we transitioned at Caloma from the oxide ore to the fresh ore, combined with a scheduled area of lower grade in the deposit. However we should be through this area by the end of March. Finally, there is still around a 30% overcall in ounces recovered in the combined September and December quarters.

Company Interview question:
What would you predict yearly free operating cash flow is from the TGO allowing for fluctuating operating parameters?

Managing Director, Ian Chalmers
Conservatively we believe free cash flow over this financial year should be around $25-30 million at the current A$ gold prices. So it's lived up to our expectations.

Company Interview question:
It's difficult to be precise on gaining final project approval for the DZP, but can you comment on that? When do you expect to finalise the first part of funding for the DZP?

Managing Director, Ian Chalmers
Yes the project approval is hard to predict. We've done everything we can possibly do. The public hearing through the Planning Assessment Commission (PAC) was in early November and they supposedly had a 2 month timeframe to report back to the Minister. All we know is that PAC is compiling the report to get back to the Minister for Planning and Environment.

Internally we're budgeting for full approval to be received in the April to June quarter.

Funding is linked to project approval. Lenders will only start the due diligence process once project approval has been received, but we believe we have advanced this as much as possible in the circumstances.

Company Interview question:
Has the intended mix on funding the DZP changed at all?

Managing Director, Ian Chalmers
No it hasn't changed. We're still looking at project debt finance, funds from Export Credit Agencies and off take partners, potential strategic investors who may take a direct stake in the project and then there will be the final proportion of equity. And as I've said before we want to minimise the equity component. I must stress though that the proportions are not set in stone and remain flexible to meet financier's expectations.

Company Interview question:
What are funding markets like in general? It sounds like they have improved?

Managing Director, Ian Chalmers
It's mixed in that the state of the various funding markets differ. For example, some of the private equity groups have substantial reserves of money and are looking for the right time to invest. The traditional equity capital market remains problematic for small to mid-capitalisation resource companies, although interest in the gold sector has certainly improved over the last month or so. Debt markets have improved, but are far from strong.

Company Interview question:
Can you give an update on recent activities at the DZP?

Managing Director, Ian Chalmers
We're making good progress. The main focus has been the Front End Engineering Design work and we're now seeking tenders for construction such as for the sulphuric acid plant and solvent extraction plant constructors, and other equipment suppliers. We can then re-cost the capital and operating costs for the project. We're also continuing process/product development.

We are often asked why we are continuing the process test work and why we continue to operate the demonstration pilot plant (DPP). It's because we are continually finding improvements which are all very positive for our expected revenue. Running the DPP also continues to de-risk the process flow sheet and improve the financial return.

We're looking at the markets that we can supply to generate the best revenue. A recent example is hafnium production which we have mentioned before but haven't made a huge issue of it. However, the applications and markets for hafnium are certainly expanding. It is used in the aerospace industry and other special metal alloys. Also, I won't go into detail here, but in a very new development, hafnium film can be applied to glass and have the impact of working as an "energy free" air-conditioner by reflecting the radiation from the sun from buildings without compounding the greenhouse effect when it reflects back into the atmosphere. Early days but an interesting development.

Hafnium metal price has moved from a couple of hundred dollars a kilogram to around $1,000/kg currently. We don't anticipate producing metal, this is a very specialised field, but probably hafnium oxide which, though it sells at a lower price will still be capable of adding substantial revenue.

Company Interview question:
What about optimizing the TGO?

Managing Director, Ian Chalmers
We have optimised the project short term, but are concentrating more on a strategic review that centres around how we can maximise returns for shareholders over the total life of the mine. It will involve including the Caloma Two deposit in the open pit production schedule. We will also start waste stripping on Wyoming One by around April for production by the end of 2015. More importantly is the consideration of when we start the underground development at Wyoming One and then bring the two Caloma deposits into the

underground mining schedule. We had been planning that around Year 4, but might bring it forward to later this year so that we're ready to commence underground production by early 2017.

We expect to have completed that strategic review by the end of September quarter this year.

Company Interview question:
Are you intending increasing exploration at any project now the TGO is generating good cash flow?

Managing Director, Ian Chalmers
No, not really. We're very careful about capital management and TGO is currently funding our activities at the DZP, pre commencement of construction. We are doing some small programs of a couple of hundred thousand dollars at Kaiser and Elsienora. Kaiser produced some exciting results and exploration gets underway at Elsienora in a month or so. We regard Elsienora as a 'McPhillamys style' target, McPhillamys being the multi-million ounce gold deposit we sold to Regis Resources in 2012.

Company Interview question:
Have there been any significant changes in the markets for your product prices at the DZP (zirconium, niobium, tantalum, hafnium, yttrium and rare earth elements)?

Managing Director, Ian Chalmers
Nothing of significance. Zirconium and rare earths are steady state but there are reports coming out of China that some key rare earths are starting to show increase in demand and price. We think it will probably take most of 2015 for the zirconium industry to pick up back to a sustainable level. Niobium is still cruising and I've mentioned the very strong hafnium markets.

Company Interview question:
In a Company Interview late last year, you estimated the value of the TGO and the DZP. Have these estimates changed with the higher Australian dollar gold price and lower Australian dollar exchange rate?

Managing Director, Ian Chalmers
They should, shouldn't they? In that interview we mentioned a potential value of ALK could be around $250 million, with TGO being the major contributor. The DZP has an NPV of around $1 billion but obviously the market still substantially discounts this. We're mainly concentrating on progressing the projects rather than continually adjusting our internal valuation numbers.

Company Interview question:
What would the Board and management like to achieve in 2015?

Managing Director, Ian Chalmers
By the end of 2015, it would be great to be in construction mode at the DZP, but as I've explained the timing is still out of our control regarding project approval and therefore

funding. We'd like to turn the marketing arrangements into firm off-take agreements, which we're confident of doing and that will satisfy the funding parties.

At the TGO, we want to operate in a steady state and generate maximum cash flow depending on the gold price. I've also mentioned the strategic review which we should complete by the end of the September quarter this year.

All the time, we are de-risking both projects as much as possible.

Company Interview
Thanks Ian.